

# CONTENTS

JANUARY, 1946

Volume XXXV

No. 1

Copyright, 1946  
American Management Association  
Printed in U. S. A.

## Partial List of Contents

### The Management Index

What the Factory Worker Really Thinks .....	2
Factory Management and Maintenance .....	5
Labor Is Big Business .....	8
The American Mercury .....	10
White-Collar Unionization .....	13
Forbes .....	16
Measuring Supervisory Effectiveness .....	18
Business Management .....	21
Balance in Wage Setting .....	23
Harvard Business Review .....	26
Industrial Uses of Atomic Power .....	29
The New Republic .....	30
Checking the Product Line .....	31
Barrington Briefs .....	31
Use of Color in Accounting .....	31
The Balance Sheet .....	31
"Don't Give Up Your Government Life Insurance!" .....	31
By JOHN F. FENSKE .....	31
And Others .....	31
Survey of Books for Executives .....	31
Book reviews by Harry Arthur Hopf, Thomas G. Spates, Alfred J. Cardall, Frank T. Stockton, and Lewis H. Haney .....	31
Briefer Book Notes .....	31
Publications Received .....	31

# The Management Review

IT seems highly doubtful that we stand at the gates of any revolutionary economic change as a result of the unleashing of atomic power. This is the main conclusion reached by Walter Isard and Vincent Whitney in an abstract of a *New Republic* article analyzing the impact of nuclear power on industry (*Industrial Uses of Atomic Power*, page 16). The atom bomb produced a field day of prediction, and it was freely prophesied that atomic power would run our motor cars, light our homes, and revolutionize many industries. The truth of the matter, these authors indicate, is that the Atomic Age (if we live to see it) will be the outgrowth of orderly, evolutionary development in the direction of a more ample economy.

Atomic energy is likely to be applied first in central power stations as a substitute for coal and waterpower in generating electricity, this article points out. If atomic-power costs approached zero, the human effort corresponding to the 2.5 per cent power costs in manufacturing would be freed for other uses. It is in the creation of new products, however, that atomic power holds the greatest probabilities of change.

IN its second annual poll of employee opinion, *Factory* has sounded representative rank-and-file workers on their views about wages and hours, strikes, full employment, veteran reemployment, productivity, labor in politics, and nationalization of industry. A summary of worker opinion on the last three topics is presented as the feature abstract of this issue (workers' views on the other topics are summarized in the current issue of PERSONNEL).

Chief finding of the survey is that, while the rank-and-file worker isn't sure that employees should work as hard as they can (and he is somewhat suspicious of management's motives in raising output), he frowns on "loafing." The implications here are that management would do well to turn its attack on the loafer rather than try to sell workers on the idea of increasing output as an end in itself.

JAMES O. RICE, *Editor*, 330 West 42nd Street, New York 18, N. Y.

M. J. DOOHER, *Associate Editor*

ALICE L. SMITH, *Assistant Editor*

THE MANAGEMENT REVIEW is published monthly by the American Management Association at 330 West 42nd Street, New York 18, N. Y., at fifty cents per copy or five dollars per year. Vol. XXXV, No. 1, January, 1946. Entered as second-class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

Changes of address should be forwarded to the publishers one month in advance, and postal unit numbers should be included in all addresses.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

# THE MANAGEMENT INDEX

## General Management

### What the Factory Worker Really Thinks

WHAT does the rank-and-file worker really think about questions relating to productivity, nationalization of industry, and labor in politics? In the report on its second annual survey of worker opinion, *Factory Management and Maintenance* presents the results of a nation-wide poll conducted for it by Opinion Research Corporation, Princeton, N. J. Interviews were allotted in proportion to geographical concentration of industry, type of industry, size of plant, length of employee service, age group, and sex. Some of the findings are presented below:

*The worker isn't sure that employees should work as hard as they can.* Interviewees were asked the following question: "When a man takes a job in a factory, do you think he should turn out as much work as he can, or should he turn out as much, say, as the average man in his group?" While 49 per cent thought he should turn out as much as he can, 40 per cent felt he was better off producing only an average amount; 8 per cent felt that the answer depended upon the particular circumstances; 3 per cent had no opinion.

This question was then asked only of those who felt that average output was preferable to maximum possible production: "What do you think would happen if he turned out *more*

than the average?" The fear that management would raise production quotas was expressed by 30 per cent; 23 per cent felt that the employee producing more than average would be unpopular with his fellow-workers; 11 per cent thought that piece rates would be reduced; 8 per cent advanced the opinion that workers would break down physically; 7 per cent stated that nothing would happen if the worker increased his output—that he would not make more money as a result; another 7 per cent feared that increasing output would mean more unemployment; other replies were given by 14 per cent.

*Union members are more inclined to favor "holding back" than non-union workers, whereas foremen and clerical employees believe in full production.* Significant is the breakdown between opinions of union and non-union manual workers, foremen, and clerical workers on the first question—as to whether a factory worker should turn out as much as he can or as much as the average man in his group:

	Union Manual Workers	Union Manual Workers	Non- Union Manual Workers	Clerical Workers
As much as he can	43%	60%	75%	68%
Average amount	44	33	17	23
That depends...	10	5	7	5
No opinion ...	3	2	1	4

*All types of employees frown, how-  
ever, on "loafing."* The following question was then submitted to all

For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

workers: "There are probably some men in your plant who loaf a little bit. Now suppose nobody loafed and everybody turned out just as much work as he reasonably could—would this help or hurt the workers?"

The opinion that no loafing would help workers was advanced by 61 per cent of the manual workers, 73 per cent of the foremen, and 67 per cent of the clerical workers. That it would hurt workers was predicted by 11 per cent of the manual workers, 12 per cent of the foremen, and 11 per cent of the clerical employees. Eleven per cent of the manual workers, 6 per cent of foremen, and 8 per cent of the clerical group felt that the absence of loafing would neither help nor hurt the workers. The remaining interviewees in each group felt that the question depended on other factors, or they had no opinions.

*As for labor-saving machines, the worker believes they raise wage levels.* Interviewees were asked the following questions: "What is your feeling about the use of labor-saving machines in factories? Do you think we all make better wages because of these machines, or would we make better wages without them?" Fully 69 per cent felt that better wages result from the use of labor-saving machines; 17 per cent thought that wages are better if such machines are not used; 14 per cent would not express an opinion.

*The worker isn't sure they create more jobs in the long run.* The next question was: "Some people say that in the long run labor-saving machines actually make more jobs for workers. Do you agree or disagree with this idea?" Fully 50 per cent were in agreement; 35 per cent disagreed; the remainder had no opinion.

*When the worker is displaced by machines, he expects management to take care of him.* Of interest to management were the replies to the following question: "In some cases, when new machines are brought into a plant, certain workers are no longer needed. What do you think should be done about these workers, and who do you think should do it?"

Significantly, 58 per cent thought that the company should find jobs for displaced workers. The opinion that the government should find jobs or pay compensation was expressed by 8 per cent; 6 per cent felt that workers should be provided jobs, but they could not say how, or by whom; 4 per cent felt that laid-off workers should find jobs for themselves; 3 per cent thought that unions should take care of them, help them find jobs; 2 per cent felt that labor-saving machinery should not be used—that its installation was not fair to workers. The remaining 19 per cent offered other answers, or could not express opinions.

Here is an interesting contrast: There is a good deal of doubt in the worker's mind as to the wisdom of turning out as much work as possible. Yet even the worker who believes in producing only the "average" amount doesn't think of himself as a "loafer" and resents loafing on the part of others.

These findings suggest that management may never succeed in "selling" workers on the idea of increasing their turnout as an end in itself and may better turn its attack on the loafer. Though skeptical of maximum production as a goal, the worker would probably join in condemning the slowdown attitude. So far as finding employment for the displaced worker is concerned, a significant number place the

responsibility on management, few on government.

*The worker is well aware of the British Labor Party's election victory.* Fully 72 per cent had read or heard about it; 27 per cent had not; 1 per cent did not know. Asked their reactions, 37 per cent said that they were satisfied with the outcome; 20 per cent were dissatisfied; 34 per cent were indifferent; 9 per cent did not answer.

*He is of two minds about the benefits that nationalization may bring to the British people.* Thirty-five per cent thought it a good idea; 33 per cent, a bad one. The remainder had no opinion.

*He opposes nationalization for American industry.* Asked whether they would like to have our government own and control the banks, coal mines, electric companies, and railroads in this country, 27 per cent replied in the affirmative—62 per cent

in the negative. Eleven per cent could not express an opinion.

Apparently, the reaction against having our government own and control factories was even greater, however. While only 17 per cent were in favor of it, fully 74 per cent were against it. The remainder had no opinion.

*The worker doesn't believe in a "labor party," has his doubts about union political activity.* Asked which of three courses workers think unions should follow, 10 per cent felt they should form their own party; 33 per cent felt they should work with present parties; 47 per cent believe that unions should stay out of politics; 10 per cent had no opinion.

*Factory Management and Maintenance*, January, 1946, p. 82:7.

**NOTE:** For an earlier report on this survey—dealing with working hours, rates of pay, guaranteed annual wages, strikes, and unemployment—see *PERSONNEL*, January, 1946, p. 202.



Copyright 1945 by the New York Tribune, Inc. Reproduced by permission of the copyright owner and of the artist, Charles D. Saxon.

## Labor Is Big Business

TOO many Americans have a blue-denim picture of labor. They envision its weapons only as strikes and violence. The truth is that today labor is big business, frequently led by conservative \$500-a-week executives. They are expert modern propagandists, prepared to use standard radio broadcasts, frequency modulation stations, motion pictures, comic strips, tabloid newspapers, beauty contests, labor book-of-the-month clubs, and airplane advertising to put their campaigns across. They own daily papers and slick magazines.

Where does the money for this come from? The money is there—in union treasuries which today have more than one billion dollars in aggregate assets. Added to all this is the monthly income of \$26,950,000 from some 13,000,000 dues-paying members.

Many of the big unions are individual corporations unto themselves. They own summer resorts, old-age homes, skyscrapers, mines, recreation centers, hospitals, banks, newspapers, radio stations, laundries, insurance firms. So much like big business are these unions that they in turn negotiate with other unions—just like a big-time employer. A few years ago the Brotherhood of Locomotive Firemen and Engineers found itself in a violent wage controversy with John L. Lewis, who had unionized the coal-diggers in mines owned by the Brotherhood. These pits had been purchased as an investment for the union's extra cash. Today this union has assets of \$30,000,000, but by no means is it the nation's wealthiest labor organization. The Brotherhood of Railroad Trainmen, for example, has piled up some \$41,000,000.

David Dubinsky's liberal International Ladies Garment Workers owns a Pennsylvania summer resort, the former Ford building in New York, the former Tammany Hall headquarters, and a 26-story health center. This union has holdings of \$8,750,000 and spends some \$6,800,000 a year, a small part of which goes to further the activities of the Liberal Party in New York. Sidney Hillman's Amalgamated Clothing Workers (C.I.O.) is worth some \$4,340,000 and owns a bank. Hillman's arch enemy, John L. Lewis, controls the United Mine Workers' treasury of some \$12,000,000 and a monthly-dues income of \$900,000.

The C.I.O.'s eagerness to educate the public on unionism and all social phenomena is typified in its recent filming in Hollywood of a color cartoon on tolerance and racial discrimination—to be paid for and distributed by the United Automobile Workers, a veteran in the use of the motion picture medium. Last year the U.A.W. produced, in support of the late Franklin D. Roosevelt, a movie which was shown to 4,000,000 war workers. And today it is producing a series of other short films, some of which deal with the handling of grievances and the re-employment of demobilized GI's.

This union has sent out as much as 100,000 feet of film weekly. Its programs, made up of its own pictures and OWI films, have been seen by some 400,000 persons in one month. The films are also sent to religious, professional, and educational clubs.

Thus we have come a long way from the gaslight era when trade union debates and organization campaigns were settled with brass knuckles and lead pipes. As a matter of fact, except for

isolated instances, all labor's techniques are out of the brass-knuckle stage—even picketing. Recently in Hollywood, the A.F.L. unions striking against the film colony's major producers did the seemingly impossible by devising new up-to-the-minute techniques. One balmy Sunday afternoon, the union members arrived in big cars in front of the Los Angeles theaters which had been picketed. They offered free rides to the beach to all prospective movie-goers—and did a land-office business running a shuttle to the ocean for those who had planned to spend the afternoon in the movies. A few days later, they picketed the theater featuring Deanna Durbin in the mystery film, *Lady on the Train*. Theater-goers were greeted by enthusiastic pickets who shouted, "Don't go in. We'll tell you how it ends. Ralph Bellamy is the murderer. David Bruce gets the girl." Hundreds turned away. This is modern picketing—and modern is the word for the Los Angeles unions.

The possibilities of FM radio broadcasting and the opportunity it affords for competition with the big radio chains have also caught the imagination of the entire labor movement. At least 19 FM radio-station applications have been filed with the Federal Communications Commission in the past few months. C.I.O. leaders see FM as the answer to efforts to restrict labor broadcasts over the big networks. This 5,000,000-member organization, now battling for survival in the postwar cutback period, has directed its local union chiefs to study their community problems in preparation for FM applications. The United Automobile Workers, for example, has filed for permission to build six "non-commercial, educational" FM stations in New-

ark, Chicago, Detroit, Flint, Cleveland, and Los Angeles, where it has large memberships.

These labor publicity wizards are not so modern, however, that they ignore the old propaganda standbys—the union newspaper, the leaflets, the comics with a message, and adventure strips with labor heroes to match a combination of Dick Tracy and Terry of pirate fame. So important has the labor press become that late in October the General Mills Corporation ordered a sample survey of 108 union publications in five major cities from New York to Los Angeles to learn whether this forgotten section of the American press would make a good advertising medium. There are an estimated 800 regularly published labor papers in the United States with a combined readership of some 15,000,000 families. Of these papers, 200 have national circulations.

The publications are streamlined and energetic; they are generally edited by newspaper guildsmen who have had considerable daily-press experience. Recently, one group of newspaper men surveying the New York labor press was fascinated to learn that the C.I.O. grocery clerks' union had a slick-paper magazine which featured analysis of European events by such writers as Max Nomad and Genevieve Tabouis. The colorful *C.I.O. News*, a tabloid, probably will be placed on the newsstands shortly for general sale in an effort to expand its current 400,000 circulation. C.I.O. publicists are trying to syndicate a labor adventure cartoon especially drawn for it by a prominent artist.

And to top the distribution of papers, comics, books, and pamphlets, the C.I.O. sends its serious "heavy" propaganda to a special list—probably one

of the few of its kind—made up of 60,000 "influencers of public opinion." The list includes educators, churchmen, parent-teacher associations, YMCAs, USOs, consumer-cooperatives, etc.

The A.F.L., too, is beginning to poke its way into the streamlined techniques of up-to-the-minute public relations. It is about to launch a large-scale publishing venture to glamorize its 400 newspapers. A magazine section, similar to the nationally syndicated Sunday newspaper supplements, will soon be printed for inclusion in A.F.L. papers. The section will be called *Now* and will run everything but union propaganda. The men who plan

it propose that it be pure entertainment, featuring "name" writers such as John Erskine, Channing Pollock, and Fannie Hurst.

Behind this glamorizing and this high-pressure propaganda work is the grim realization that the coming years will bring another old-fashioned depression during which big business and the big unions will be forced to stand up to each other and fight for existence. And because the final issue depends, in no small measure, on public sentiment, labor is using streamlined publicity to tell its side of the story.

By VICTOR RIESEL. *The American Mercury*, December, 1945, p. 728:7.

### Wires Make a Sound Business

**A** DD wire-recording to the list of postwar marvels which may revolutionize our private lives and provide many heretofore undreamed-of business enterprises. Briefly, it is the production on coils of steel wire of sounds of any nature or origin—concerts, radio programs, telephone conversations, and the boss's letters.

Magnetized by electric current passing through it, the wire faithfully picks up the minutest sounds when it is passed over a recording head. Once the recording has served its purpose, it can be de-magnetized, a process which "erases" the recorded material. In this way, the wire can be re-used indefinitely.

The manufacturers expect business executives to make widest use of the recorders, anticipating a wholesale replacement of dictograph machines. Their compactness will be a strong selling point, and the fact that they can be used over and over without deterioration of efficiency should be a factor in putting them across. This is bound to be a high cost-reducing feature in competition with regular wax cylinders, which must be "shaved" for re-use. Portable, pocket-size units are already on the market and are popular with reporters, salesmen, insurance adjusters, investigators, and interviewers. These portable public stenographers faithfully record the results of all interviews and discussions, and the results can be played back at the home office.

Lengthy boardroom conferences can be recorded without the presence of stenographers. The recordings will naturally be more accurate than human transcriptions, a good reason why they may also be adapted for court proceedings. Reporters will like them for press conferences, especially when they want to establish the authenticity of "quotes" which they have used in interviews.

—PAUL D. GREEN in *Forbes* 9/15/45

---

- DURING the decade of the '20's, \$20,000,000,000 of new capital was invested in our manufacturing plants and equipment; in the '30's, \$14,000,000,000; while in the short period of June, 1940, to June, 1942, a total of \$16,000,000,000 was reached—greater than the total during the whole previous decade, as shown in a Twentieth Century Fund study.

# Office Management

## White-Collar Unionization

**B**ACKED by the A.F.L. and C.I.O., a nation-wide drive to unionize the stenographers, bookkeepers, clerks, and other "white collar" workers of America is now under way.

For years both the A.F.L. and C.I.O. have been prone to ignore this class of prospective dues-payers. During the war years, however, representatives of the white-collar unions drummed into the ears of labor potentates the importance of this field, with its 800 different categories covering some 20,000,000 men and women who might become card-holders. Today, while current strikes and industrial unrest are stealing the headlines, the white-collar unions are busy increasing their membership, at a faster rate than ever before.

Although the total membership of both A.F.L. and C.I.O. white-collar unions is only around 150,000, this represents a tremendous gain over figures of five years ago; and union heads in this field of organization claim that their added membership is not based on unstable "war work" but comes from industries and businesses where dues will be paid for years to come by help that will "stay on the job."

Three years ago the Office Employees International Union (A.F.L.) numbered 10,000 members. In many cities, other A.F.L. unions either ignored it or accepted it as a necessary evil. But today the A.F.L. asserts that 90,000 members have been added to the OEIU rolls since 1942. The keynote of the A.F.L. campaign is that unionization is the one big solution to the difficulties which white-collar

workers will face in the postwar period.

Literature distributed by the A.F.L. under the heading of "Why Do Office Workers Need a Union?" reads:

"This group of workers is more exploited than any other craft. Favoritism, pull, lay-offs according to the whim of the employer, the using of one worker against another, and flashy titles without appropriate compensation are just a few of the many practices foisted upon the white-collar worker. These conditions can be wiped out and economic security substituted by affiliation with our union."

The A.F.L. is pitching its campaign on the theory that the halcyon pre-1929 days are gone forever in the minds of their would-be subjects—the tough-minded, individualistic white-collar workers who have traditionally scorned unions and believed that, following the American way, they would one day become executives if they worked hard enough. So the Office Workers Union has set out to impress upon the white-collar worker that under capitalism he has no chance of bettering himself other than through the union, and that his dream of a swivel chair is simply part of "Wall Street propaganda!"

That this determined drive, which is utilizing radio, newspapers, and skillful propaganda, is making headway can be gained from a study of A.F.L. work in the past three years. It has been telling stenographers, bookkeepers, accountants, bank clerks, teachers, municipal, state and federal employees that: "You have one chance in a mil-

lion to be an executive. Get over that old-fashioned idea and resign yourself to the fact that you'll never get anything more than you have now unless the union is there to fight for it—and we don't promise to make you head of the corporation."

Instead, A.F.L. literature promises: "A standard workweek, sick leave, wage rates of all classifications commensurate with such classifications, holidays with pay, vacations with pay, maternity leave (for one year) without loss of seniority, time and a half for all overtime work, and many other clauses."

A.F.L. spokesmen use as a selling point to the more stubborn office workers the fact that union contracts have been signed under which clerical help receive as much as \$65 a week. However, there is no fixed nation-wide scale, except that demands often jump 25 per cent to 40 per cent above the employer's minimum. The maternity clause, promise of three weeks' vacation after five years of work, and other organizing slogans are aimed at the millions of women office workers who constitute the basis for the recruiting campaign.

Union technique varies with the locality. In many New York offices the labor organization is represented by only one girl, who is depended on to build up the membership. Initiation fee is a flat \$2, with monthly-dues payments of \$1.50. Compared with dues in steel, coal, or transportation, these are low rates, but 1,000,000 office workers organized on that basis could provide the union with an annual income of \$18,000,000.

During the past three years the A.F.L. campaign has been more aggressive than that of the C.I.O. But the latter's United Office and Profes-

sional Workers of America has recently moved out to combat the A.F.L. gains. Actually, the U.O.P.W.A. has only about 40,000 members so far, most of them in New York.\* It has contracts with the Prudential, Metropolitan Life, and John Hancock Insurance Co.'s, chiefly with the industrial agents' sections. It has scattered locals in various industries, some strength in the publishing business, and contracts in isolated instances with such companies as the Dravo Corporation, of Wilmington, Delaware.

U.O.P.W.A. literature claims that the "U.O.P.W.A. has negotiated over \$13,000,000 worth of salary increases in the last year" and that "white collar employees have been the economic stepchildren of our society for a long time . . . they owe it to their sons, their brothers, and their husbands overseas as well as to themselves to reach out and take their rightful dignity and economic status in the nation."

This is an all-out campaign, and neither labor group is fooling. They intend to organize every office they can, whether the industry has 5,000 employees or 15. They feel that the years of the Roosevelt administration and its theories played an important part in destroying the age-old white-collar workers' dream of individual attainment based on work and ability. They are using skilled techniques and propaganda.

Employers who belittle this drive must remember that the A.F.L. white-collar union recruited 90,000 members in three years—and that the C.I.O. will try to surpass that figure.

By HOWARD RUSHMORE. *Forbes*. November 15, 1945, p. 16:2.

\* According to *The New York Times* of December 10, 1945, the Federation of Architects, Engineers, Chemists and Technicians, another C.I.O. union, has voted to consolidate with the U.O.P.W.A., thus increasing this membership figure by 10,000.

# Personnel

## Measuring Supervisory Effectiveness

ALL too frequently management attempts to maintain supervisory effectiveness primarily through a process of preparation: select supervisors carefully and train them in the "know-how" of their jobs. Equip them technically as leaders of men. Quicken them to the importance of handling people intelligently. Then depend upon their acquired talents and the next higher supervisory level for final results. This is excellent practice as far as it goes: yet the gap between what a supervisor should do and what he actually does is apt to be wide. Company managements themselves have felt that the preparatory approach alone is inadequate. A variety of practices have been evolved to determine more precisely the effectiveness of the supervisor.

The following list of practices which have been resorted to by managements to appraise supervisors is fairly comprehensive:

1. Personal contacts and the resulting general impression of superiors, together with general reputation among other supervisors.
2. The personalized report to a high executive.
3. Reports on operating results based on budgets, cost data, production and quality figures, amount of waste, non-productive workers, trainees, and similar information that reveals progress or productive status.
4. Supervisory rating by superior and supervisors on the same level, or by subordinates.
5. The employee attitude survey.
6. The exit interview.

All these methods of appraising supervisory effectiveness have the common weaknesses of being subjective, approximate and occasional. What is needed, therefore, is a technique which will reveal the effectiveness

of the supervisor on a more nearly continuous basis. This can be achieved by applying the auditing principle to the work of the supervisor. By recurring examination of the various aspects of the supervisor's experience, a fair appraisal of his performance may be secured. This principle is common in financial management. It is used widely in maintenance and inspection in the factory. Its suggested use, therefore, is merely extension of a generally recognized control device.

Its successful use in organization work will depend upon at least three basic considerations:

1. A clear understanding of what effective supervision is.
2. A sound programme of implementation.
3. General understanding and acceptance of the auditing principle among those affected by it, particularly the supervisors.

Effective supervision includes not only the supervisor's technical proficiency but also the development and maintenance by him of morale and responsiveness in the employee. Determination of supervisory effectiveness must embrace both aspects of his work.

To implement the principle of supervisory audit, a new activity or department (where volume permits) must be established. This department must necessarily be high in the organization, reporting preferably to the president or general manager. It is technically an Organization Department. Its work is so vital to operating success that it should be considered an arm of top management.

The working members of this de-

partment are Organization Inspectors who make thorough and frequent examinations of the effectiveness of supervisors. To qualify for this work, they must be thoroughly versed in organization concepts and techniques. They must know how to meet, interview and disarm people to get candid reactions. They must know how to diagnose organization difficulties and to suggest specific remedies for them. These remedies, however, are not applied by the Organization Inspectors. Developed carefully under the direction of the head of the Organization Department, they are sent to the appropriate department and unit heads in the established organization to serve as the basis of discussion and consultation. The working remedy that results from this process is then applied by the recognized department or section head.

The actual technique employed by the Organization Inspector is the interview, supplemented by reports on production, cost, and similar results. Sample interviews are held with subordinate employees, supervisors of related activities, and the superior. The frequency of the checkup depends largely upon the degree of decentralization and independence accorded the supervisor. Where the supervisor is largely "on his own," a monthly inspection is essential. Other determinants of frequency are the proven caliber of the supervisor, his dependability and stability, the ease with which a situation can get out of control, and the frequency of orders, bulletins, instructions or statements from higher executive levels that need interpretation or execution.

If the organization auditing principle is to gain general acceptance among supervisors, its purpose must be clearly understood and must be ex-

plained with equal clarity to everybody concerned. It must be understood as a constructive principle which leads to wholesome correctives that are for the good of the organization as a whole and of the individual supervisor. Its object must be understood to include (1) the spotting of weak practices, (2) the correction of these weaknesses, and (3) general improvement in supervisory practice.

Quite obviously, before this principle can be used effectively, the soil of supervisory reaction must be prepared carefully. This preparation must include not only acceptance of the specific plan of continuous checkup, but an understanding of the organization foundation on which it is based.

Several criticisms of the continuous organization audit may be anticipated at this juncture:

1. *It represents an addition to overhead costs.* Unfortunately the improvements brought about by more effective supervision cannot be immediately translated into dollars-and-cents terms. In any mature understanding of organization, the cost of such a department as suggested in this article is looked upon as a legitimate business cost. The unit must, of course, be operated with full regard for economy.

2. *It looks like a new form of a Gestapo spy system.* This reaction can very easily assert itself among supervisors if preparatory explanation has been inadequate. The criticism stems from a misunderstanding. Supervisory weaknesses discovered by this method should lead to corrective practice, not to disciplinary action, denunciation or demotion.

3. *It may lead to organization interferences.* This criticism is pertinent only when the auditing principle is applied improperly.

4. *In the final analysis, the continuous audit of the supervisor is merely another type of rating plan.* The audit offers several important improvements upon the ordinary supervisory rating plan. The Organization Inspectors are trained as interview and organization specialists; they have ample time for proper appraisal of all related factors, not merely those that occur in the course of job contact; they are charged with the responsibility of digging out all related factors in making their appraisals; and,

finally, their evaluations are made at sufficient frequency to constitute a really powerful influence in stepping up the performance of supervisors.

5. *The use of a special department is limited to large organizations.* The use of a special department is, of course, defensible only when there is a large volume of organization inspection work. The auditing principle, however, can be used in small organizations with equal effectiveness. There it becomes part of the work of a person who

is assistant to the president or owner. This part of his job must be recognized; his talents must cover the work; and he must be allowed sufficient time to take care of this specialized field.

From an address by Robert P. Brecht before the Montreal Chapter, National Office Management Association (*Business Management—Office & Building*, August, 1945, p. 10:11).

### Selecting Aircraft Inspectors

**S**INCE in many ways the job of an inspector in a modern factory is an exacting and very important one, it is natural that considerable interest should attach to the selection of persons to fill this job. The problem of the study summarized here was to determine the extent to which success as an inspector in a particular plant can be predicted from the use of certain standard psychological tests.

Forty-six employees of the inspection department of an aircraft factory were given the following tests, and their scores correlated against the average of two ratings as to efficiency on the job: MacQuarrie test for Mechanical Ability; Otis Self-Administering Test of Mental Ability (Higher Examination, Form A); Cardall Test of Practical Judgment; Minnesota Paper Form Board (Revised Edition); Industrial Training Classification Test (Form A; Bennett Test of Mechanical Comprehension (Form AA); and the O'Rourke Test of Mechanical Aptitude (Form A). The following conclusions were drawn from the study:

1. The two ratings agreed with each other quite well ( $r, .772$ ) and with subsequent periodic merit ratings fairly well ( $r, .420$  for 20 cases). Thus the criterion seemed to have considerable reliability and validity.

2. The best combination of the seven test scores made a very good means of predicting success on the job as judged by the criterion ( $R, .787$ ).

3. Three of the tests, the MacQuarrie, the Practical Judgment, and the Minnesota Paper Form Board, did almost as well as all seven ( $R, .780$ ).

4. Two of the tests, the MacQuarrie and the Practical Judgment, when used alone did substantially as well ( $R, .765$ ).

5. If the MacQuarrie and Practical Judgment tests were to be used in the selection of inspectors in this plant, scores on the former should be given approximately five times the weight of scores on the latter.

—A. Q. SARTAIN in *Journal of Consulting Psychology* 9/10/45

### Women Exercise Care

**A**BUREAU of Labor Statistics analysis of work injuries to women in shipyards, 1943-44, reveals that women score decidedly better than men in the use of protective equipment. Injuries caused by failure to wear goggles constituted, in the case of women, 11.9 per cent of all injuries; in the case of men, 18.8 per cent. In four shipyard departments studied, men sustained more eye injuries from foreign particles than did women: in welding, the percentage was nearly three times as frequent for men; in assembly and sheet-metal work, over four times; in electrical work, where such hazard is slighter, 5.2 per cent of injuries to men were due to foreign bodies, whereas only 3.5 per cent of injuries to women were attributed to this cause. In three departments men suffered a greater percentage of welder's flash. Only in assembly work did the women's percentage of injuries exceed that of men.

—*Industrial Medicine* 10/45

• A NEW WORLD RECORD for safety has been chalked up by the open-hearth furnace at Republic Steel Corporation district plant in Youngstown, Ohio. The 300-man furnace crew worked 1,156,130 man-hours since August 7, 1944, without a single lost-time accident. Previous open-hearth record was 833,000 man-hours without accident.

—*Management Information* 12/24/45

## Balance in Wage Setting

LIKE circus aerialists, those responsible for wage setting must master balance and timing. Failure to master them in the wage-setting arena, whether on the part of managers, union officers, or government officials, will lead to results that are perhaps less obvious and dramatic than the penalty for failure on the part of acrobats, but still very important to the health of business enterprises. Because the well-being of the economy turns on the collective health of its individual employing units, the maintenance of balance and proportion in wage rates and "take-home," plus a proper regard for the timing of wage changes, are clearly essential.

The area of wage and salary administration is too vast and complex for a detailed survey to be made within this limited space. However, the following paragraphs suggest some of the pertinent factors which must be kept in balance if wages are to be set on a scientific basis.

*Organizational Factors in Wage Administration.* Wage analysts have an essential part to play if wages are to be administered systematically. But their proper function is to create a sound structure of job rates, not to attempt to direct its detailed application to individual workers. Their responsibility is to describe the content of each job, to evaluate its importance relative to other jobs in the company, and to "price" it in accordance with company policy and the rates found to prevail in the labor market—all to the end that a sound schedule of job rates or salaries may be developed.

If wage technicians attempt to dictate what the job content should be, or how the jobs should be staffed, or try to determine how well the incumbents accomplish their tasks, they are

intruding upon the prerogatives of operating executives. Balance must be maintained between those with line relationships and those with staff relationships. Otherwise the administration of wages will be distorted by the confusion of responsibility between operating heads, primarily concerned with the results obtained by their employees, and wage technicians, interested in consistency in wage setting.

*Occupational Differentials.* Occupational differentials play an important part in maintaining a balanced supply of workers and in stimulating men to acquire the training needed for skilled jobs. They are also important psychologically. For the very reason that base rates are considered by workers to reflect their status in the company, these rates cannot be changed radically either by governmental action or other forces without impairing employee morale.

The balance between money differentials and job importance should extend throughout the entire range of job difficulty, from janitor to president. It is not sufficient to establish a proper alignment of rates between the least skilled job on the payroll and the most skilled non-supervisory one, such as toolmaking. Failure to maintain the alignment on up through the supervisory positions, for example, adds fuel to the fire of discontent among foremen. During the war high incentive earnings, made possible by large volumes and long "runs," together with overtime, have caused many employees to earn more per week than their bosses—this being not merely a matter of rate of pay, of course, but of total take-home. Such unbalance can be very vicious in its effects.

*Single Rates or Rate Ranges?* Rate ranges permit a competent management to make a series of pay increases in recognition of performance on the job. Consequently they provide flexibility in the application of rate schedules to individual employees. On the other hand, they are frequently attacked by unions on the grounds that they permit supervisors to play favorites and lead to inexplicable differences in the rates of pay to workers on the same job.

Here again is an instance where balance is needed between a wage structure elaborate enough to provide flexibility and yet simple enough to match the ability of management to appraise individual performance and to apply rates to workers without misunderstanding.

*Factory Workers Versus Office Workers.* Still another issue on which it is difficult to maintain a satisfactory balance involves the relationship of the take-homes of hourly workers in the factory and of salaried employees in the office. In a period of unemployment those salaried employees who retain their jobs enjoy larger earnings than do hourly workers on a restricted workweek of two or three days; in boom times, however, the opposite is the case, and office workers are at a disadvantage—although this problem has been minimized to some extent by the fact that non-exempt salaried employees must now be paid overtime under the Fair Labor Standards Act.

*Incentives.* In plants using financial incentives, the take-homes of various groups are also likely to move out of balance with each other. This problem has numerous subdivisions. How large should the guaranteed base rate be set in relation to the base rates of those not "on incentive"? In recent years there seems to have been a tendency to make the guaranteed base

rate equal to the day rate that would be paid if the job were not "on incentive." What should be the ratio of incentive premiums actually earned to the guaranteed base rates? A study of wage rates in 31 Philadelphia metal plants made prior to the war revealed that in these plants the incentive earnings were from 12½ per cent to 20 per cent higher than the day rates for jobs of equivalent difficulty. In many war plants incentive premiums ran much higher than the foregoing figures. Wherever such inequalities exist, indirect labor—ineligible for incentive earnings—feels discriminated against.

*Competitive Position.* Peacetime competition demands constant watchfulness over the relationships between wage rates and unit costs; between unit costs and unit prices and profit margins; and between profit margins and volume of sales and final net profit. When these relationships are disturbed by violent price changes, the distorted cost-price relationships can be brought into balance again only if the parties involved in the negotiations have a clear understanding of the factors involved.

The degree of unbalance brought about by price changes will, of course, vary for different types of industry. Compare, for example, the mining of bituminous coal, where the labor cost is about 65 per cent of total cost, with the making of soap or the processing of food, where it is less than 10 per cent, and it is evident that a wage increase is a far more serious matter in the former case than in the latter.

*Prevailing Level of Rates.* How closely the general level of rates in each plant should be related to the general level of rates prevailing in the labor market from which it draws its employees involves two questions. The first is whether the plant should

adopt the policy of keeping its rates *above* the market level in order to attract the best workers or *below* the market level with the thought that less efficient workers may be adequate for its operations. This question is, at best, one that can be answered only on an individual company basis.

The second question—long a moot one in industrial relations—is whether wage bargaining should be conducted on a plant-by-plant or an industry-wide basis. Geographic differentials persist, despite the labor shifts of wartime and the continuing search for low-cost locations. For example, rates for common labor on the West Coast and in Detroit are double those in certain southern areas.

In companies with branch plants, prevailing geographic differentials interfere with the transfer of key employees from plant to plant and cause employees in different plants to raise questions as to why the same job should carry a higher rate of pay in one locality than in another.

It is obvious that the maintenance of balance between the payment of geographical differentials and the need

of intra-company or intra-industry uniformity is, to say the least, a delicate task.

**Summary.** And so the pattern of wages is a complex of forces that play upon each other. These forces influence the differentials among geographic areas, between sexes, among industries, and among plants of the same industry (e.g., the "big three" automobile makers).

In a period of stability, these intricate relationships become well understood, and the balance among them is conducive to business health. But in the aftermath of war such a state of benign calm is not likely. Gyration of prices will doubtless be part of the general turbulence. The maintenance of the best balance possible in such a situation requires flexibility, intelligent decisions, and proper timing. Moreover, a period of violent change calls for unusual sensitivity not only to the need for balance but also to the dangers of panaceas.

By C. CANBY BALDERSTON. *Harvard Business Review*, Autumn, 1945, p. 51:6.

### Blind Inspectors Gage by Sound

**B**LIND persons equipped with electronic gaging devices are performing efficient inspection work on parts having tolerances as fine as 0.000025 in. at the Canton, O., plant of the Timken Roller Bearing Company. Their inspection work covers rolls, cones, cups, and other bearing components.

An aural signal of three note-frequencies produced by an electronic oscillator indicates to the blind inspector whether the part is above, within, or below the tolerance limits. The notes are induced by relays introduced into the oscillator circuit by an electrically sensitive, mechanically actuated gaging head. An intermediate tone indicates the part is acceptable, while a high note shows it is above, and a low note indicates it is below, the acceptable tolerances.

The Timken Company is operating more than 50 units of this type and reports that blind operators regularly equal, and in most instances surpass, the best efforts of sighted inspectors in accuracy and speed of inspection.

—*American Machinist* 11/22/45

• IN 1786, a year before the Constitution of the United States was drafted, some Philadelphia printers struck for a \$6 weekly wage. That was the beginning of the American labor movement for collective bargaining, as described in a Twentieth Century Fund survey. Five years later Philadelphia carpenters struck for a ten-hour day, which they failed to get.

# Production Management

## Industrial Uses of Atomic Power

**I**N the envisaged Atomic Age, it is predicted that nuclear power will run our motor cars and radioactive particles will light our homes. Cheap power and impending destruction will be the positive and negative forces dispersing our population and industry. But it is by no means proved that the social and economic consequences of atomic power are such as to revolutionize our present structural and institutional arrangements. It is, in fact, quite untrue in any immediate future.

A basic consideration is the impact of atomic power upon real output. To what extent will such output per capita rise as a consequence of the harnessing of atomic energy for individual and for industrial-commercial use?

Power costs show wide variation in relation to the total production costs of separate industries. Among the distributive groups, expenditures for fuel and power are negligible compared to other costs, such as labor. Among extractive industries, unfortunately, exact data are not available. For all manufacturing industries in this country in 1939, however, the *Census of Manufactures* reports a fuel and purchased energy cost of under 2.5 per cent of the total value of product.

For the purposes of argument, let us accept the extreme hypothesis that atomic-power costs will approach zero. The human effort corresponding to the 2.5 per cent power costs in manufacturing industries would then be freed for other production or for leisure. Obviously, consequent increase in real output would be small. Power per labor unit would, conversely, tend to show a considerable increase. In other

words, a substantial substitution of power for labor would occur. If atomic energy ultimately became available in spool or capsule form, labor would be freed of the necessity to produce heavy fuel- and power-consuming machinery. But such gains might well be canceled by the need for complicated and expensive equipment for the controlled release of atomic energy.

Because of the technical problems involved, the first application of atomic energy will be likely in an area where large-scale power use will make feasible investment in the heavy and complicated machinery necessary for radiation control. A logical priority is thus given to its use in central power stations as a substitute for coal and waterpower in the generation of electricity.

The competitive cost position of the various power sources is far from established. Recent estimates of the cost of uranium, for instance, probably mean little in the light of future technological developments.

Turning to existing power sources, we find figures of the National Resources Planning Board which indicate that by 1936, industrial power rates to large-scale users ran as low as four mills a kilowatt-hour, with a modal rate of between eight and 12 mills. Since then, rates have continued to drop.

Power costs over the nation are spotty, and obviously central power plants based on atomic energy will appear first in areas of relatively high cost or where present plants are sparsely located in relation to existing or potential power needs. Consumer

power charges are, of course, well above those for industrial users, mainly because of the high costs of transmission-distribution. In 1943, the average revenue accruing to electric utilities from residential or domestic customers was 3.64 cents a kilowatt-hour, though here again rates for separate centers showed wide variation. It is a reasonable assumption that power rates will decline further in the next two or three decades, perhaps be halved. By this time, atomic energy distributed as electricity should have become a competitive power source. The relatively low rate then prevailing would make any further sharp cut in power charges to the individual consumer unlikely, though a gradual decline in rates would undoubtedly continue.

The development of spool or capsule-form energy would probably offer the greatest likelihood of an ultimate low-cost energy source to the individual consumer. Such a development, however, is remote and, even if made practical, would probably find its first use not in direct service to the consumer but in areas of commercial operation where fuel cost is secondary.

The continuing gradual declines we have indicated in the cost of electricity generated from coal and waterpower may occur as a result of savings in several directions. Reduction of fixed charges, possible increase in thermal efficiency in steam-electric plants through the use of new binary cycles, and new technological developments would all serve to place non-atomic-energy forms in still more favorable positions. We foresee, then, marked increases in per-capita real output paralleling those we have experienced in the past and instigated in part by the development of atomic power.

There is little reason to expect any heavy migration of industry because

of the development of atomic energy. The large group of processors for whom power cost is a small fraction of total cost or who are primarily oriented to markets (bakers), to materials (stone quarries), or to other factors will be relatively unaffected. The industries for which purchased energy and fuels comprise the largest fraction of total costs are the major fields of enterprise dominated by iron and steel. The latter have, in the past, been chiefly oriented to fuel and power sources, with a resultant heavy concentration in the Appalachian coal and the Great Lakes Waterway System. They have themselves served as centers of attraction for auxiliary processors who, with the major producers, have attracted both population and transportation to the area and have created a belt of large consumption centers. Furthermore, many of their sites have been chosen with a view to accessibility to ore deposits. The relatively favorable transport advantage of their present location remains. The same is true of their labor supply. Despite the increased mobility of labor in recent years, inertia and vested interests in their homes and communities will probably prevent any large migration of workers along with a migration of plant.

The greatest probabilities of change lie in the creation of new industrial and consumer products. Unfortunately, what these products or their social and economic consequences will be is largely guesswork. While such an industry as oil might be greatly reduced in size, new industries—for instance, those which the automobile and the science of electronics have created—will undoubtedly emerge.

By WALTER ISARD and VINCENT WHITNEY. *The New Republic*, December 17, 1945, p. 829: 3.

# Marketing Management

## Checking the Product Line

WITH reconversion from war to peacetime activities, most businesses will find the time particularly opportune to make a systematic study of their product lines. Of what should the line eventually consist? What products should be reintroduced first? Has the line been too long or too short? Have changed production methods and new materials made price revisions necessary?

Four essential points should be carefully considered in analyzing a line of products: the volume and trend of sales or future sales prospects; the rate of gross profit; the absorption of fixed factory administration or selling overhead; and the importance of a given item from the standpoint of "rounding out" the line.

A systematic procedure is needed to insure sound consideration and comparison of various items. Naturally the needs of each business should be studied individually. There is no "overall" method that will be equally effective in all cases, though the same general principles are involved.

A method that has proved successful in a recent situation probably could be modified and utilized in other businesses. In the case in question—a product line ranging from 50 cents to two dollars in retail price—a card was devised to contain all pertinent cost data. Materials and direct labor were shown separately and in total. Factory overhead was then shown and added to the direct costs to determine total factory costs. Then, of course, selling and administrative expenses and selling price were inserted. A figure not frequently used but one which is of great import-

tance, is the "operating margin." This is the difference between net selling price and total direct or "out of pocket" costs.

A card is made out for each item. The average "operating margin" is then determined for the product line as a whole. The operating margin—in dollars and cents—is then shown for each item in ratio to this average. For instance, an item providing a margin equal to the average would be given a rating of 1.00.

The sales in units of each item for the prior year (or the last prior normal year, or expected in future years) are then determined and inserted on the respective cards. Then the average unit sales per item is determined and each item is given a rating based on comparison with the average.

After both "operating margin" and sales rating have been determined, a combined "sales-margin" rating is determined by multiplying the "margin rating" by the "sales rating." Hence an item with a margin rating of 1.00 and a sales rating of .50 would have a combined rating of .50 and would thus be indicated as half as valuable as the average item in the line.

All cost, sales, rating and other figures are typed or written in a column at the right edge of the card. The column is headed by the item number. By placing cards on top of each other with only the right-hand column visible, it is possible to make a comparison of all pertinent data on a large number of items simultaneously.

The cards may be grouped in any order desired. The first grouping might

be from left to right in accordance with the "margin-sales" rating. The items with very low ratings could then be analyzed to ascertain if the low rating were due to low margin or low sales or both. If a low margin is evident, then inspection of the direct labor and materials costs and selling price is in order. In actual practice this method of analysis has led to study of production methods, substitution of lower-cost materials, and elimination of items. In one case where the margin was good but

sales were low, a special selling campaign was instituted with satisfactory results.

This method should not be followed blindly. There are many cases where a certain item is necessary to "complete a line" and it should not be dropped arbitrarily as a result of statistical analysis. This method does, however, subject all items to systematic scrutiny, and whatever decisions are made will be the result of study and not just "hunch."

*Barrington Briefs*, July, 1945, p. 13:3.

### Preferences in Direct Mail

A RECENT survey of executive opinion conducted by Edward Stern & Company indicates which factors in promotional literature have an influence upon the acceptance or rejection of direct mail. Although copy and subject matter are of unrivaled importance, this study would seem to indicate that certain physical aspects of every printed piece contribute to the influence it yields over the reader.

Asked on what basis direct mail is rejected, executives replied as follows: 45.1 per cent indicated that promotional literature is disregarded because of the subject matter; 18 per cent, because the correspondent is known and his message is not desired; 11.5 per cent, because of unattractive appearance; 9.4 per cent, for miscellaneous reasons; 7.1 per cent, because the correspondent is unfamiliar; 7.1 per cent, because the reading matter is advertising; 1.8 per cent, because it is advertising matter sent via third class mail.

Most significant finding here is the general acceptance of advertising as such. Its rejection factor rates among the smallest of all, while rejection of unattractive mailings—clearly a controllable factor—is well up on the list. Fully 41 per cent said that they were

primarily attracted to a mailing piece by the subject matter; 21.7 per cent indicated layout, and 17.5 per cent illustration, as the determining factors; 13.5 per cent chose color; the remaining 6.3 per cent cited other miscellaneous factors. The significant fact emerges, then, that more than half the executives polled are primarily attracted by attributes other than subject matter.

Asked whether they reacted more favorably to one large illustration or several small illustrations, an overwhelming number—73.4 per cent—voted in favor of the single large illustration. Of this 74 per cent, 60.3 per cent (as compared with 39.7 per cent) felt that the advertiser is justified in sacrificing the possible value of several small illustrations to devote more space to one commanding illustration.

Interviewees were asked what they considered to be the maximum effective size of a mailing piece. The majority (60.2 per cent) volunteered a preference for the standard file size, 8½" by 11". It is significant to note that no choice of answers was given for this question. This majority group actually specified these dimensions, with no suggestions whatever from the interviewers. The "under" and "over" groups

(figuring 15 and 24.8 per cent, respectively) were compiled from answers calling for various sizes ranging from 3" by 5" to 18" by 24".

Since the matter of size is of primary importance, it was believed that a variety of approaches was desirable for adequate grasp of its different aspects. Jumbo-size mailings constitute one case in point. Asked whether they consciously give greater or more prompt attention to very large or jumbo-size mailings, 25.6 per cent replied in the affirmative, 74.4 per cent in the negative.

Interestingly enough, 48 per cent, or almost half the executives surveyed, stated that they tend to take home a direct mail piece that can conveniently be slipped into the pocket. Apparently these smaller-size mailings are not thrown away—even though they may reach the executive at a particularly busy moment—but receive a more careful, more thorough, reading on a train or at home.

Most people expect that the recipient of a mailing piece will be more interested in the piece itself than in the manner in which it is mailed. Therefore it is of interest that 33 per cent of the interviewees expressed a preference for literature which is directed to them via first-class mail. The extent to which this fact can be of value depends on several factors; among them are the cost of the piece mailed in relation to the additional postage, and the number of pieces to be mailed.

The importance of attractive-looking mailings cannot be underestimated. Of all executives interviewed, 67.3 per cent said that they were favorably impressed by heavy or quality paper, and 47.8 per cent give greater or more prompt attention to direct mail received in attractive envelopes.

Only 21.4 per cent felt that type printed in reverse or on colored paper

makes for easier reading, while fully 78.6 per cent believe that this type of reproduction decreases legibility. However, 79.7 per cent, or almost four out of five, stated that the addition of a second decorative color, to add emphasis or to break masses of type, increases readability.

The preceding questions were directed to all types of executives. However, because the reactions of purchasing executives are of particular importance, specific information regarding the use of purchasing catalogs was solicited solely from this group.

In reply to the question, "How frequently do you consult a catalog before making a purchase?", 46.7 per cent said "occasionally"; 42.7 per cent, "frequently"; 6.6 per cent, "almost always"; and 4 per cent, "almost never." Thus the overwhelming majority use catalogs, at least occasionally. This evidence acquires even greater point from the fact that many of the executives polled are so well acquainted with the specialized fields in which they buy that catalogs would appear to be unnecessary.

The vote for size standardization is overwhelming and decisive: Fully 95.2 per cent stated that their operations would be facilitated if all catalogs were of uniform size.

Also significant is the fact that 86.5 per cent prefer a standard catalog of items with a full description of each item and a separate, frequently revised, price list; only 13.5 per cent were in favor of a catalog issued frequently with each item priced. The vote was two to one in favor of one thick catalog rather than several thin catalogs, each devoted to a single product line.

From *Preferences in Industrial Literature*, Edward Stern & Co., New York, 1945. 23 pages.

# Financial Management

## Use of Color in Accounting

IN THE OPERATION of every accounting system, color utilization has some place—even if only so minor a one as use of red ink to indicate a temporary ledger entry or balance. Color can be used in the form of colored inks, pencils, papers, machine ribbons, or tabs or signals in certain operations. This article cites several varied and specific examples of the successful use of color in accounting practice. Supplemented by a study of your own office and accounting procedures, these may provide you with fresh ideas for the profitable application of color to speed and simplify accounting operations.

One instance noted reveals how color may be used to reduce writing operations to a minimum. A calculating machine operator was extending invoices for merchandise purchased, showing cost, retail, and percentage markon. Each invoice already showed the cost figure, near which the operator indicated the total retail price in green pencil and the markon percentage in blue pencil. No other writing was necessary, the very color of the figures indicating what they were. Further, whenever several recheckings of listings, such as adding machine tapes, etc., are desirable, checking pencils of different colors will reveal at a glance how many times each listing has been rechecked.

Perhaps one of the most fertile fields for color utilization lies in operations requiring the use of duplicate or manifold forms. Proper routing of each copy is controlled efficiently by either the color of the paper or the color of the printing. Colored papers can be

used to advantage for price change notices, color indicating whether the change is a markup, permanent markdown, or temporary markdown subject to later partial or total cancellation. Considerable handling time can be saved by using colored papers or inks to make office forms readily distinguishable from one another, rather than by varying the size and shape—which should be uniform.

Many applications of color can be found in accounts receivable records. Changing the color of machine ribbons or carbon rolls each month simplifies greatly the work of the clerk charged with the duty of auditing the customer accounts for collection records. Small tabs, procurable in all colors of the spectrum, have innumerable uses. One color might indicate accounts payable weekly, another monthly, semi-monthly, etc. Past-due accounts are quite frequently flagged in some such manner, and, of course, colored flags or tabs are the basis of most visible-record credit authorization systems.

The principle of employing uniform size and shape for speed in sorting and handling, but different-colored paper or ink to designate the type of transaction involved—whether sale, return, etc.—can be applied also to sales audit procedure in designing of sales tickets, credit memos, refund vouchers, etc. In this connection, it was noted that the management of one small organization demanded of the accounting department a complete departmentalized sales audit at the close of each day. The chief accountant solved the problem by having the sales force use sales books of different colors, closing the sales day

approximately 1½ hours before the store closing time, and issuing the sales force new books for the following day in an alternate color. This permitted the sales audit to proceed at the end of the day without interfering with normal conduct of business on the selling floor.

Color may be utilized even in package delivery. Package tabs of two different colors have been used effectively, one color to indicate "Paid" or "Charge," the other to call the deliveryman's attention to the fact that a delivery was C.O.D.

Many small firms, unable to afford complicated payroll machinery, find advantageous the use of multi-copy pay checks, each copy utilizing a distinctive-colored paper or ink to indicate whether it is receipt, compensation record, or check record.

Color utilization in timekeeping takes the form, in several stores, of time cards made in various colors to show the type of employee using them or the general expense classification to which the wages paid should be charged. Most modern time-clocks can be obtained with two-colored ribbons and be set to change color automatically at certain times to indicate overtime, tardiness, A.M., P.M., etc.

In any application of multi-spread, pegboard, or other shingling spread records, it is well to alternate colors each year or other accounting period

on records to be compared—current with previous period. Color reveals at a glance the record's year, making unnecessary a close examination of the date (usually at extreme top or bottom of the form). Attention may be called to unusual or "out-of-line" items on such records by means of a small hole punched with a hand punch opposite the item in question. If the previous year's sheet is of contrasting color, the hole will appear as a small dot, and the sheet still may be used in the following year's comparison.

When booth cashiers are used, or cash registers from which surplus cash is removed periodically throughout the day, colored slips or tokens instead of written withdrawal slips would serve the double purpose of eliminating a writing operation and saving time in balancing at the close of the day.

Color, like other accounting tools, should be used with a definite purpose and only after careful thought and planning. Remember that there are colors and irritating color combinations which can be very hard on the eyes of a person working with them all day; avoid these accordingly. Color utilization, skillfully planned, serves a myriad of purposes and deserves the careful consideration of those charged with the accounting procedures of any organization.

By F. BRYANT HULL. *The Balance Sheet*, December, 1945, p. 8:2.

### PACKAGING EXPOSITION AND CONFERENCE

*A Conference and Exposition of the Packaging Division of the American Management Association will be held on Tuesday, Wednesday, Thursday and Friday, April 2-3-4-5, 1946, at the Auditorium, Atlantic City, New Jersey.*

# Insurance

## "Don't Give Up Your Government Life Insurance!"

By JOHN F. FENSKE  
Assistant Treasurer  
Sidney Blumenthal & Co., Inc.  
New York, N. Y.

**EDITOR'S NOTE:** *Returning servicemen are being advised by both counselors and insurance spokesmen to retain their government life insurance. As a service to its veterans, Mr. Fenske's company has prepared a pamphlet in which the benefits to be derived from keeping National Service Life Insurance are fully explained and the procedures for converting government insurance into policies which best serve veterans' needs are outlined. This pamphlet has proved so helpful and popular that the text of it is reprinted below in its entirety. Other companies might well consider making this information available to their own employees upon discharge from the armed forces.*

If there is one subject on which I will venture advice to those still in the Service and those who have been discharged, it is on Government Life Insurance, officially known as National Service Life Insurance. And my advice, briefly, is this:

1. Keep your National Service Life Insurance in force.
2. Convert it as soon as possible.
3. Choose that type of policy best suited to your needs.

Every thoughtful man will want to carry life insurance. For those with dependents and responsibilities it is a necessity. For the man with no dependents it is a form of savings. And there is no safer place for your savings than in a life insurance policy guaranteed by Uncle Sam. Your National Service Life Insurance offers you a splendid opportunity to provide for proper life insurance coverage for the future, and at a premium lower than you would have to pay to any private insurance company. So let me elaborate on items 1, 2, and 3 mentioned above.

1. *Keep your National Service Life Insurance in force.* To keep your insurance in force you will have to continue the payment of premiums. While

you are still in the Service, monthly premiums will be deducted from your pay. After discharge, you should pay your premiums by check or money order payable to: Treasurer of the United States. Mail it to: Collections Sub-Division, Veterans Administration, Washington 25, D. C. The first payment should be made in the first month following your discharge. Don't wait until you get a notice of premium due, because if the notice should fail to reach you, and you neglect to make payments, your policy may lapse.

2. *Convert it as soon as possible.* Your insurance was originally written as "term" insurance for a period of five years, which has since been extended to eight years. In other words, you can continue this term insurance for a period of eight years from the date it first became effective.

While this insurance provides for payment to your beneficiary in the event of your death, it is only a temporary form of insurance. It is well suited to the war period, but it does lack certain advantages contained in the other forms available to you, such as cash values, loan values and paid-up insurance. Therefore, it is desirable to convert this insurance, which you may

do any time after it has been in force for one year and before expiration of the eight-year period.

The sooner you convert your insurance, the lower the premium will be for your new policy. You may convert the full amount of insurance now carried, or any portion thereof in multiples of \$500, but not less than \$1,000. You may convert this insurance to be effective as of the time you convert, and your age at that time will govern the premium you will pay. Or you can have the policy dated back to the date the term insurance first became effective, or any time between that date and the date you convert. If you select such an earlier date, however, you will have to make a cash payment to make up the cash reserve that would have accumulated if you had been paying premiums since the earlier date. In other words, you will have to make up the back premiums, plus interest. But you will then have a policy that already has a cash value, a loan value, and a paid-up value.

3. *Choose that type of policy best suited to your needs.* There are three types of insurance available to you—ordinary life, 20-payment life and 30-payment life—all without taking a medical examination. Which one to choose and how much insurance to carry is a question that should receive your very careful consideration before a decision is made. No doubt you will want to estimate what your income and expenses are going to be and how much can be set aside for savings or insurance.

The ordinary life policy, of course, is the cheapest. But this means paying premiums for life to keep the face amount of the policy in force, unless later in life you find it desirable to cease paying premiums and take a paid-up policy for a lesser amount. The 30-payment life is cheaper than the 20-payment life because the premiums are paid over a longer period. Otherwise these two forms may be considered the same.

The table below will show you on a

#### MONTHLY PREMIUMS PER \$1,000 INSURANCE

Age	Present "Term" Premium	Ordinary Life	30-Payment Life	20-Payment Life
20	.65	1.23	1.54	1.96
21	.65	1.25	1.56	1.99
22	.66	1.28	1.59	2.02
23	.66	1.31	1.61	2.05
24	.67	1.34	1.64	2.08
25	.67	1.37	1.67	2.12
26	.68	1.41	1.70	2.15
27	.69	1.44	1.73	2.19
28	.69	1.48	1.76	2.23
29	.70	1.52	1.79	2.27
30	.71	1.56	1.83	2.31
35	.76	1.80	2.03	2.53
40	.85	2.12	2.30	2.82
45	.99	2.54	2.67	3.18
50	1.27	3.12	3.20	3.67

monthly basis the cost of carrying \$1,000. of insurance in each of the types mentioned. If premiums are paid quarterly, semi-annually or annually, the cost would be somewhat less.

Having had personal experience with this kind of insurance, I cannot recommend too strongly that you keep in force and then convert your National Service Life Insurance. During World War I, I carried what was then known as War Risk Insurance. I converted this to a 20-payment life policy. Fortunately, I was able to pay premiums for 20 years. "Time marches on!" I can assure you. Today I own a paid-up policy on which I no longer have to pay premiums but on which I continue to receive dividends.

You will be interested to know that after the last war, and again today, all the leading life insurance companies have made the same recommendations to the veterans. In fact, in a recent letter responding to an inquiry from one of his policyholders, Thomas I. Parkinson, President of The Equitable Life Assurance Society of the United States, wrote:

- PEOPLE with the lowest incomes are usually sick oftener and die sooner than those with high incomes. The Twentieth Century Fund points out that persons on relief in 1935-1936 averaged 17 days of illness a year; those with family incomes under \$1,000 averaged almost 11 days; those in the \$1,500-\$2,000 income group averaged seven days; and those with incomes over \$5,000, six and a half days of illness.

I think I can probably cover your question in no better way than to say that I converted my War Risk Insurance at the close of the last war, . . . The rate charged under the National Service Life Insurance, as in the case of the War Risk Insurance of the last war, is an especially favorable one. . . . I should therefore think it would be desirable for everyone owning National Service Life Insurance on the term plan to convert the insurance to a permanent plan on the government form once the war is over, as far as the circumstances of the individual might permit.

Further information or help on insurance problems is available from the U. S. Veterans Administration.

In closing, let me urge you again: *Don't give up your government life insurance!*

\* \* \*

*Note to World War I Veterans:* If you dropped your War Risk Insurance, it is not too late to get a converted policy now. You will have to pass a medical examination given at a Veterans Hospital without charge, or at your own expense by a doctor designated by the Veterans Administration. Premium will be based on your age at time application is made.

## INSURANCE CONFERENCE

*A Conference of the Insurance Division of the American Management Association will be held Monday, Tuesday, and Wednesday, March 11-13, 1946, at the Hotel New Yorker, New York City.*

---

## Survey of Books for Executives

---

**THE EXECUTIVE IN ACTION.** By Marshall Edward Dimock. Harper & Brothers, New York, 1945. 276 pages. \$3.00.

*Reviewed by Harry Arthur Hopf\**

This work is one of the earliest of the outpouring of books on management that may be expected as a reflection of the individual experiences of the authors while serving the government in administrative capacities during the war.

In its preparation the author has employed the products of an apparently dramatic, and certainly dynamic, experience as Director of the Recruitment and Manning Organization of the War Shipping Administration, and has drawn liberally upon them in the formulation of his views and conclusions. With the scientific caution that we have come to expect from Dr. Dimock, whose past studies and attainments rank him among the authorities in his field, he has avoided sweeping generalizations and has been at pains throughout his study to dwell upon the dangers inherent in such a process.

Let it be said at once that the author has produced a work of permanent value in which he presents an exposition of principles, techniques and underlying philosophy that may be termed a notable contribution to advancement of knowledge and understanding of the art of management. He has accomplished this while creating a thoroughly readable text, characterized by incisive reasoning, lucidity of expression, charm of style, and power of synthesis. Moreover, to the reader who cares to be instructed in such matters, attentive study of the work will afford much enlightenment in the field of semantics.

Dr. Dimock divides his subject into 22 chapters, with an average length of 12 pages. Space prohibits recital in full of the captions assigned to the chapters, but the following are selected as conveying something of the character of the breakdown and the flavor of the treatment: *Building the Structure* (III); *The Arithmetic of Executive Leadership* (VII); *The Meshing of Line and Staff* (VIII); *The Measurement of Performance* (XII); *Organ*

*ization Practice* (XIV); *Administrative Co-ordination* (XVI); *The Structural Groove* (XX); and *Optimum Size; Can We Control Our Environment?* (XXXII). It will be observed that the ground covered by each of these arbitrarily selected captions is fundamental; to deal with it adequately has necessitated a compactness of statement which, far from making it difficult to grasp the author's meaning, has actually resulted in the presentation of many principles in so clear-cut a manner as to permit the bare statements to convey their own implications.

The author has not hesitated to form strong convictions on many topics. One does not have to share them all to express admiration for his adherence to constructive viewpoints and for the enlightened stand he takes with regard to the influence exercised by the imponderables in management. It is an agreeable shock to discover the inclusion in this study of a chapter on optimum size, a topic which is only now, and too tardily, beginning to engage the attention of American writers in the field of management. Appropriately enough, in the judgment of this reviewer, Dr. Dimock has seen fit to conclude his discussion with implied emphasis upon this vital aspect of our present-day economy. Despite the attenuated character of the material in this chapter, it alone makes the book essential reading for students seeking basic orientation.

If any chapter of this significant volume deserves critical comment, it is the one dealing with organization practice (XIV). Treatment of the problems presented here appears to be less fortunate than is the case with other topics. This reviewer is of the opinion that the author has given less attention to vital principles involved in the combination, development and adaptation of structural members than to castigation of the "outside" organization expert. With due regard for its other merits, the chapter suffers from a somewhat negative approach; its value to the reader would have been enhanced had it been written along more objective lines.

As Dr. Dimock points out in the preface to his work, "it is not a textbook nor, on the other hand, is it merely a case study." To the reviewer, it is the sort of companionable volume which one wants to keep near

\* President, Hopf Institute of Management, Inc., Ossining, N. Y.

at hand and into which one may dip at random with the assurance that wherever the eye lights upon the text, there is apt to be discovered a striking thought, a challenging statement, or a bit of sound philosophy to stimulate one's own reflection.

**THE GOVERNING OF MEN: General Principles and Recommendations Based on Experience at a Japanese Relocation Camp.** By Alexander H. Leighton. Princeton University Press, Princeton, N. J., 1945. 404 pages. \$3.75.

Reviewed by Thomas G. Spates\*

Here is a book in a class by itself—and an enviable class it is. It should be required reading for administrators all the way from Soerabaja to Detroit. It might even be acclaimed as the most important literary event in the field of business, public and personnel administration since Tread and Metcalf's trail-blazing book of a quarter of a century ago.

Why this high praise? Because this book deals exclusively in a clear, analytical, objective and practical manner with the problems of real people in their relationships to each other and to their bosses. It presents a philosophy and solutions that are applicable wherever people work together. It fills a great and universal need for down-to-earth material for the training of organization leaders—the highest form of organization leadership. It reveals (at least to this reviewer) certain fallacies and deficiencies in the concept of our so-called schools of business administration, and may be expected to stimulate some improvements.

The author is a trained specialist in social anthropology. He was attached as an observer to a Japanese relocation center south of Parker, Arizona. For eighteen months he studied and analyzed what took place among 17,000 people, representative of many economic levels, in their efforts to adjust themselves to a totally new and raw environment under the leadership of a group of administrators with widely varying backgrounds, temperaments and "systems of belief."

The first part of the book is an objective record and interpretation of his observations. It makes good and exciting reading. It is case material in human relations that will "ring the bell" with anyone who is interested in people. The setting is different, but there are a host of situations here that have parallels in the day-to-day business of trying to run an office or a factory and solving the problems that arise wherever there are people working together.

\* Vice President, Personnel Administration, General Foods Corporation.

In the second part of the book the author draws upon his observations at Poston, Arizona, and his rich background of experience to state and support 46 principles and 102 recommendations having to do with the administration of people. It is a brilliant and enduring achievement in the field of personnel administration.

Yes, sure enough, the people who supplied the principal raw material for this achievement were Japanese, but the final product in the form of principles and recommendations could be used today to great advantage all the way from Detroit to Soerabaja.

**HUMAN RELATIONS IN INDUSTRY.** By Burleigh Gardner. Richard D. Irwin, Inc., Chicago 4, Ill., 1945. 307 pages. \$4.00.

Reviewed by Alfred J. Cardall\*

This book is "must" reading for all students of industrial life. Executives and personnel men can gain much from the author's sharp observations of the human equation at work. Despite the fact that such men live continually in the midst of the interplay of human relations, they often "fail to see the woods because of the trees." No executive can read this book without matching from his own experience the vignettes which Dr. Gardner has drawn from his industrial observations.

If executives will follow through on some of the lines of thought presented, Dr. Gardner will have earned the everlasting gratitude of personnel men. Lamentably, the personnel man's viewpoint is usually overlooked in management planning and timing, though he is expected to rush in and "stitch up" many emotional problems which could have been avoided. To be sure, personnel men may feel that the author's observations are somewhat prophylactic rather than realistic, but it can be pointed out that it is not always necessary actually to participate in such problems to see them in proper perspective. In fact, the author reveals an objectivity that is too often lost by those immersed daily in the conflicting interplay of human personalities.

The technician will gain from the vividness of this presentation, even though from any particular bias the book may seem sketchy. He might, for example, recognize the essential soundness of Dr. Gardner's treatment of wage incentives and restriction of output and yet feel that the author's treatment of union problems misses the boat. The greatest criticism which technicians might level at the book in general is that the author seems unaware that prac-

\* Director of Industrial Relations, John B. Stetson Company.

tices and procedures are in effect in many progressive organizations which can cure, or are curing, many of the psychological ills which he discusses.

Dr. Gardner points out that in the development of industry emphasis has been on its technological, legal and economic aspects. He stresses the corresponding retrogression in cooperation within industry as organizations have grown and the distance from worker to management increased. Unionism, for example, he says, is more of a symptom of trouble than it is trouble in itself. The early chapters are devoted to the organization of the factory as a social system, dealing with the supervisory hierarchy, problems of status and symbols of status, the operation of lines of authority and communication, and something of the functions and problems at each level. He cites examples from his industrial observation of the inevitable reaction of people to the pressures of supervision, production schedules, rates, method improvements, and organizational change. These word pictures of actual situations are particularly valuable to the lay reader in bringing the point home vividly.

His treatment of union phenomena is a decided oversimplification, but it is doubtful if any type of scientific observation seeking a clear-cut rationale could hope to portray properly the unintegrated, confusing, and often contradictory psychological interplays which make up union philosophy.

Personnel counseling, on the other hand, to which the author has given more space, if not more weight, than to union problems, is handled extremely ably, and Dr. Gardner makes a distinct contribution to the literature on that subject.

In the last chapter he makes a powerful plea for a better understanding of the social structure in industry on the part of the executive. Too often, we must agree with Dr. Gardner, when executives first discover that business is a human organization with a complex structure of both formal and informal relationships, they are likely to ask at once, "How can you get rid of it?" He continues: "This informal organization is something which they did not plan; it arose without benefit of administrative decision and without executive approval; it is something extraneous to the formal organization. Therefore, they reason, it should be eliminated."

If enough executives will read and heed the cold crispness of the author's logic, they can initiate a tremendous upsurge in operational efficiency, because the identical psychological factors that can be destruc-

tive in one instance can be equally constructive if properly integrated in their planning. The book is well worth reading and worth passing along.

**ASPECTS OF ARMY DEPOT ADMINISTRATION.**  
By Schuyler Dean Hoslett. The American Historical Company, Inc., New York, 1945. 87 pages. \$2.00.

*Reviewed by Frank T. Stockton\**

The Kansas City Quartermaster Depot, like other military facilities throughout the country during World War II, presented many interesting problems in its operation. Fortunately the Depot possessed a trained analyst who was capable of preparing studies pertaining to significant phases of its management history. The volume under review is largely the result of bringing together several such studies which had previously appeared as journal articles.

The author's first interest has to do with internal administrative organization. His treatment of downward, upward and horizontal controls as they relate to policy determination, execution and review is brief yet discriminating. It shows the interplay of functions and forces at various levels of responsibility which, taken together, result in "administration." Hoslett is acutely conscious of the problems arising out of the dualism in civil-military management. He clearly indicates that the Depot's organization fought a good battle in an attempt to make Army regulations and procedure conform to sound management practice. How it proceeded to eliminate red tape is well illustrated in the chapter on work simplification technique.

The book's second section is devoted to personnel administration. Wartime labor market conditions resulted in the elevation of personnel to a high place in the Depot's management hierarchy. Hoslett tells the story of that development and, further, he sketches the progress made in certain areas of personnel management. In particular he discusses placement aids to supervision, employee training, the training of officer personnel, and employee counseling.

The studies show that the Kansas City Depot was blessed with a military-command possessing management intelligence. They should be of value to the Army in its numerous dual civil-military operations, both present and future. Moreover, they make clear-cut, informative reading for strictly civilian management as well.

\* Dean, School of Business, University of Kansas.

**FINANCING AMERICAN PROSPERITY: A Symposium of Economists.** By Benjamin M. Anderson *et al.* Edited by Paul T. Homan and Fritz Machlup. The Twentieth Century Fund, New York, 1945. 508 pages. \$3.00.

Reviewed by Lewis H. Haney\*

With one exception, which is so obvious as to appear like the proverbial exception that proves the rule, the authors of this symposium are all believers in government spending to prime the pump, who to a considerable extent concur in the Keynesian idea of a controlled volume of spending and saving, with the state as an "energizer" ("pump primer") rather than a mere regulator. The exception is B. M. Anderson. While J. M. Clark and S. H. Slichter still retain some idea of economics as a science rather than as an art of creating "full employment," on the whole they seem to fall on the other side. H. S. Ellis professes an "individualist" philosophy, but he also professes "equalitarianism," and advocates a degree of equality of income "approximately as great as that contemplated by liberal socialists." None but Anderson fully accepts the idea of a flexible system of functional prices as a desirable or expedient condition of democratic economic life.

The preface is written by one of the editors, P. T. Homan. His attitude is expressed in his statement that the "political purpose" of maintaining the national income at a high level and encouraging or assuring employment to all able and willing to work is to be permanent for the following reasons: (1) It appeals to millions who wish to escape from the precariousness of their livelihood. (2) It appeals to most people of "intelligence and good will" who do not understand why we should have any poverty. This editor's talk is all on the level of "policy" and attaining the "objectives" of prosperity and ample employment.

The other editor, Fritz Machlup, on the whole does a good job on the Summary, but shows his leanings when he undertakes to clarify the discussion of the so-called "gross national product" and related subjects. One gets from him the impression that one should take seriously the wild guesses as to the future of what is usually called the "national income," varying from 165 billion to 180 billion dollars.

He seems to accept a deflationary gap of 45 billion dollars. He takes the wild estimates of "gross national product," and guesses at an increase between 1939 and 1947 of from 55 billion to 70 billion dollars. He

then gravely asks, will there be enough demand for it?

Incidentally, Machlup asserts that production per worker has "certainly" increased since 1939. This is more than doubtful now. And even if the output *per worker* had increased, one may well ask, so what?

Doubtless there are many wise thoughts and a good deal of acute analysis in such a group of essays. For the most part, however, they represent the abstract speculations of theorists, and usually they are of the sort that one would fully anticipate, knowing the philosophical background of the thinkers. The philosophy of the five-to-one majority which predominates this symposium has the following characteristics: It is ever ready to say that "nobody knows," or that it is "impossible to tell"; but it is equally ready to state definite "objectives" and to experiment with government controls. Recently, a common earmark has been a tendency to say that we *may* have inflation or deflation—nobody knows—so be prepared for either or both!

It is notable that all but Anderson accept a much higher volume of Federal Government expenditures after the war than existed before. All but Anderson appear to ignore the basic importance of an objective standard for money. Much the same may be said of any attention given to the interest rate.

Among the good features which may be noted in the symposium are the following: All six economists show rather conclusively the restrictive effects of our tax system, and most of them seem to recognize the harmful effects of the extremely progressive character of that system. At least five agree that wages are related to technical productivity and should rise therewith. (Apparently Slichter does not; and Machlup refers sarcastically to this agreement.) For the most part, the idea of full employment is accepted only with clarification as to what constitutes "full," and some bring out well the important question of whether non-productive employment should be counted. One of the best things in the essays is Clark's statement (on page 72) to the effect that the doctrine of full employment considered as an absolute "must" will result in outright collectivism.

The essays are, in general, very well written.

There is an interesting digest of the views of the members of the symposium on various subjects (pp. 487-496), which enables one to classify the views of the six members of the group. For example, one finds (on page 488) under the head of "Government Guarantee for Full Employment," the following: "Assume responsibility for full employ-

\* Professor of Economics, New York University.

ment"—Hansen; "Assume responsibility but avoid guarantee"—Clark, Ellis, Slichter; "Assume neither responsibility nor guarantee"—Anderson. Under the heading, "Fiscal Policy": "Permit anticyclical deficit spending"—Clark, Ellis, Hansen, Slichter, Williams; "Avoid all deficit spending"—Anderson. Finally, "Restore international gold

standard"—Anderson; "Establish international monetary fund"—Ellis, Hansen; "Establish international bank for reconstruction and development"—Ellis, Hansen, Williams.

For one who wants arguments to back up his pet theories about whether the government should or should not do it, the book will have considerable interest.

## Briefer Book Notes

[Please order books directly from publishers]

**500 POSTWAR JOBS FOR MEN.** By Vocational Guidance Research. Doubleday, Doran and Company, Inc., Garden City, N. Y., 1945. 285 pages. \$2.50. A dictionary of occupations, listing alphabetically 500 different kinds of work in commerce, industry, the professions, agriculture, civil service, research, and management. Each job is analyzed under the following heads: Present Outlook; Earnings; Job Description; Requirements; Advantages; Disadvantages; Advancement Opportunities; Where to Apply.

**TOMORROW'S TRADE: Problems of Our Foreign Commerce.** By Stuart Chase. The Twentieth Century Fund, New York, 1945. 156 pages. \$1.00. This is the fifth of six exploratory reports on postwar questions. In it Mr. Chase gets down to the essentials of foreign trade, reviews the history of our past international commerce, and outlines our prospects for increasing foreign trade in the years of postwar reconstruction that lie ahead.

**BIBLIOGRAPHY FOR OFFICE MANAGERS.** Compiled by the Research Committee of the National Office Management Association, 1945. Available from Secretary, National Office Management Association, 2118 Lincoln Liberty Building, Philadelphia 7, Penna. \$5.00 (to non-members of N.O.M.A.). A classified compilation of selected articles and publications appearing during the seven-year period 1938-1944. The bibliography is subdivided into 53 classifications listing more than 4,000 reference items. It also includes a list of publications and publishers.

**MEN AT WORK: Some Democratic Methods for the Power Age.** By Stuart Chase. Harcourt, Brace and Company, New York, 1945. 146 pages. \$2.00. In this compilation of articles, Stuart Chase demonstrates that technical progress can be allied with grass-roots democracy. Among the examples cited are: the Hawthorne investigations; labor-management committees; the Training Within Industry programs; efficiency in a government bureau; teamwork in industry; the reconstruction of a "ghost town"; and the Tennessee Valley Authority.

**INCOME FROM INDEPENDENT PROFESSIONAL PRACTICE.** By Milton Friedman and Simon Kuznets. National Bureau of Economic Research, New York, 1945. 599 pages. \$4.50. This book attempts to appraise the quantitative effect on the incomes of persons in independent professional practice of all factors—such as the state of the nation's business, the type and location of the practice, length of professional experience, etc.—for which data are available, and to study the fluctuations in the incomes of professional persons from year to year. It compares earnings in the professions with earnings in other pursuits, and examines in detail incomes from the independent practice of five professions, namely, medicine, dentistry, law, certified public accountancy, and consulting engineering.

**IS YOUR SUPERVISION EFFECTIVE?** Philadelphia Electric Co., 1,000 Chestnut Street, Philadelphia, Penna., 1944. 24 pages. Covers in effective checklist form the principles and techniques of good supervision as featured in the Job Relations Training program.

**JOB GUIDE.** Edited by Sydney H. Kasper. Public Affairs Press, American Council on Public Affairs, Washington, D. C., 1945. 193 pages. Cloth, \$2.50; paper, \$2.00. This

book provides useful information about employment principles, problems, and conditions in some of the nation's leading industries. Each chapter deals with the broad outline of the industry covered as well as such topics as national importance, location, nature of jobs, employment terms, wage rates, unionization of the industry, physical and educational requirements, and sources of further information. Though designed primarily for those engaged in job counseling, the guide should prove helpful to veterans, industrial workers, and young job seekers.

**PSYCHOLOGY FOR THE RETURNING SERVICEMAN.** Prepared by a Committee of the National Research Council. Edited by Irvin L. Child and Marjorie Van De Water. The Infantry Journal, 1115 Seventeenth St., N. W., Washington 6, D. C. 243 pages. 25 cents. Presents psychological facts about why men think and feel as they do—facts that may help the serviceman readjust himself to civilian life. A group of experts provide information on such topics as choosing a job; returning to wife and children; combat nerves; learning new skills; getting married; physical injuries.

**MUSIC AND SOUND SYSTEMS IN INDUSTRY.** By Barbara Elna Benson. McGraw-Hill Book Company, Inc., New York, 1945. 136 pages. \$1.50. This book describes in detail the actual technique of organizing and operating an industrial broadcasting system, emphasizing the importance of proper programming and broadcasting. In addition it includes a bibliography of articles on the subject and a discography listing the music on records from the three major recording companies and their classification. It offers actual examples of programs and discusses treatment of scripts and other innovations in the field as well as the use of radio transcriptions for industrial use.

**HOW TO HANDLE LABOR GRIEVANCES.** By John A. Lapp. National Foremen's Institute, Deep River, Conn., 1945. 293 pages. \$4.00. This helpful manual discusses the historical development of grievance plans, the operation of grievance systems, and the problems commonly encountered during the grievance procedure.

**SALES MANAGEMENT GUIDE (Volume II).** By Herman C. Nolen. National Wholesale Druggists' Association, 330 West 42nd Street, New York, N. Y., 1942. 414 pages. Distribution limited. Part 1 of this volume discusses the estimation of sales, the determination of sales potentials, setting salesmen's quotas, and handling sales meetings. Part 2 presents a special tabulation of drug store sales. Though directed specifically to the drug trade, the *Guide* includes much material of practical value in other fields.

---

## PUBLICATIONS RECEIVED

[Please order directly from publishers]

---

**THE ADJUSTMENT OF THE NERVOUS VETERAN IN INDUSTRY.** By Meyer Brown. Industrial Welfare Department, Zurich Insurance Companies, Chicago, Ill., 1945. 52 pages. 10 cents.

**HOW TO GET A JOB AND WIN PROMOTION.** By C. A. Prosser and Walter F. Sahlin. McKnight & McKnight, Bloomington, Ill., 1945. 101 pages. 50 cents.

**POST WAR MARKET, SALES AND INDUSTRIAL PROGRESS SURVEY OF THE TEXTILE INDUSTRIES: With Special Attention to Packaging Problems.** Edited by W. Clement Moore et al. Compiled for Post War Planning Committee, National Paper Box Manufacturers' Association, Philadelphia, Pa., 1945. Published by Moore & Co., Philadelphia. 24 pages. \$2.50.

**POST WAR MARKET, SALES AND INDUSTRIAL PROGRESS SURVEY OF THE LEATHER INDUSTRIES: With Special Attention to Packaging Problems.** Edited by W. Clement Moore. Compiled for Post War Planning Committee, National Paper Box Manufacturers' Association, Philadelphia, Pa., 1945. Published by Moore & Co., Philadelphia. 24 pages. \$2.50.

**POST WAR MARKET, SALES AND INDUSTRIAL PROGRESS SURVEY OF THE DRUG, CHEMICAL, COSMETIC AND ALLIED LINES: With Special Attention to Packaging Problems.** Edited by W. Clement Moore. Compiled for Post War Planning Committee, National Paper Box Manufacturers' Association, Philadelphia, Pa., 1945. Published by Moore and Co., Philadelphia. 24 pages. \$2.50.

**THE MANAGEMENT OF YOUR GOVERNMENT.**  
By Harold D. Smith. Whittlesey House,  
New York, 1945. 192 pages. \$2.50.

**PLANNING AN INDUSTRIAL RECREATION BUILDING: Important Principles and Features Involved in Planning an Industrial Recreation Building.** National Recreation Association, New York, 1945. 12 pages. 25 cents.

**SPECIAL AIDS FOR PLACING MILITARY PERSONNEL IN CIVILIAN JOBS (Enlisted Army Personnel).** Division of Occupational Analysis and Manning Tables, Bureau of Manpower Utilization, War Manpower Commission, Washington, D. C., February, 1944. Available from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 490 pages. \$1.00.

**METHOD OF INDEXING PROVISIONS OF COLLECTIVE AGREEMENTS.** Second edition. Revised by May E. Jamieson. *Bulletin No. 3*, Industrial Relations Section, California Institute of Technology, Pasadena 4, Calif., August, 1945. 16 pages. \$1.00.

**GOVERNMENT AND UNION-EMPLOYER RELATIONS: An Analysis of Statutes and Administrative Regulations.** By Leifur Magnusson. *Publication No. 93*, Public Administration Service, Chicago, Ill., 1945. 36 pages. \$1.00.

**POST WAR MARKET, SALES AND INDUSTRIAL PROGRESS SURVEY OF THE PAPER PRODUCTS, STATIONERY AND ALLIED LINES: With Special Attention to Packaging Problems.** Edited by W. Clement Moore. Compiled for Post War Planning Committee, National Paper Box Manufacturers' Association, Philadelphia, Pa., 1945. Published by Moore and Co., Philadelphia. 24 pages. \$2.50.

**TIMING A CENTURY: History of the Waltham Watch Company.** By Charles W. Moore. *Harvard Studies in Business History No. 11*, Harvard University Press, Cambridge 38, Mass., 1945. 362 pages. \$4.00.

**A PSYCHIATRIC PRIMER FOR THE VETERAN'S FAMILY AND FRIENDS.** By Alexander G. Dumas, M.D., and Grace Keen. The University of Minnesota Press, Minneapolis, 1945. 214 pages. \$2.00.

### **Code on Badge Prevents Misplacement**

**I**N the plants of Walter Kidde & Company, Bloomfield, N. J., as in any large company, a certain percentage of employees suffer from physical disabilities which permit them to do certain types of work but not others.

Fitting a man to one particular job does not always solve all employment requirements. A worker often cannot be kept continuously employed on a single operation or group of operations. In the case of a physically handicapped individual, transfer to another type of work might be detrimental to his health. A blind or orthopedically disabled person is at relative advantage here, because the nature of his disability is evident. But with one whose physical or temperamental limitation is not discernible, as a cardiac, a psychoneurotic, or a person suffering from hernia, the foreman has no way of knowing that he requires special consideration.

At the Walter Kidde plants, this problem is taken care of in an unobtrusive but effective way. A new employee whose physical or mental make-up imposes restrictions on the work to which he can be assigned is informed at the time of his medical examination that it is not advisable for him to undertake all the operations in the plant. He is told, too, that this fact will be conveyed to his foreman without embarrassment to him, and without any breach of medical confidence, by the use of an inconspicuous variation in his employee's identification badge. These badges ordinarily contain a single hollow rivet; those issued to the handicapped worker contain three. Thus the foreman will know that before transferring the worker to another operation his capabilities chart in the personnel office must be consulted to make sure that job demands and physical qualifications tally.

With this distinctive identification, a worker is not exposed to the necessity for using his own judgment as to his fitness for some task, nor to the embarrassment of discussing it with his foreman. The company, on the other hand, is not exposed to the hazard of having its employees suffer compensable injuries which could have been anticipated.

—*Factory Management and Maintenance* 12/45

ELA-  
Ad-  
ifur  
public  
Ill.,

RIAL  
ROD-  
NES:  
gmg  
pore.  
Com-  
ifac-  
Pa.,  
Phil-

Wal-  
s W.  
iness  
iversity  
362

RAN'S  
er G.  
The  
inne-

e  
-  
e  
-  
e  
n  
s  
c  
s  
e  
e  
s  
i  
n  
o  
r  
e  
el  
ns

y  
s-  
is  
es

45

Review